



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

June 11, 1993, 10:00 a.m.
Excelsior Hotel, Provo, Utah

Members Present: Max Adams, Uintah County Commissioner
Ken Brown, Rich County Commissioner
Dennis Ewing, Tooele County Clerk
Sid Groll, Cache County Sheriff
Gary Herbert, Utah County Commissioner
Gerald Hess, Davis County Deputy Attorney
Ty Lewis, San Juan County Commissioner
Dixie Thompson, Emery County Commissioner

Others Present: Doug Alexander, Branch Manager AIM
Harry Bowes, Consultant Bowes & Associates
Brent Gardner, Administrator UACIM
Jess Hurtado, Assistant Vice President AIM
Dave Nelson, Loss Control UACIM
Al Stein, Vice President AIM
Kent Sundberg, Utah County Deputy Attorney

The meeting was called to order by Gary Herbert.

Minutes

The minutes for the UACIM Board of Directors meeting, held in Cedar City, April 14, was reviewed and approved.

Broker/TPA/Financial Services Contract

Jess Hurtado met with Fred Medenwaldt, Vice President AIM, Chicago, to review the finances. They agreed that if there were no changes in the Pool structure, i.e., they were renewing everything as is, then that portion of the contract should remain as is. Therefore, the administration fee was reduced back to \$200,000. The Mutual will be credited in the next installment for any excess that was paid. Brent Gardner and Gerald Hess accepted this amount. The contracts were re-drawn to reflect the change in the TPA Agreement.

Gerald Hess made the motion to approve the contacts with the \$200,000 instead of the \$235,000 fee and that the Chairman be authorized to sign the contact. Max Adams seconded the motion and the motion was passed unanimously.

Broker Report

Jess Hurtado spoke to the underwriters regarding the addition of Bond Coverage, with the exception of the Treasurer's Bond, to the Mutual program. It was the underwriter's recommendation to look at this option at renewal at which time it is easier to add the coverage than at mid-term. When the renewal information is sent out it will include the Bond information to be incorporated into the program at the first of the year.

Jess Hurtado has requested that the current information, on file for each county, be reproduced with the supplemental application, which asks for any changes, so that by mid-July the counties will have that information in hopes of getting it back to the underwriters by the 1 of September. Jess Hurtado would like to get the quotations in by November so that the counties will be aware of the amounts for the up-coming year in time to do their budgets.

One of the concepts of the Pooling program was to try to identify loss trends that are developing and if we see trends developing how it might affect the Pool. Jess Hurtado gave an example of the Wrongful Termination/Civil Rights issues in the Colorado Counties. He does not see this type of claim trend developing here at this time but that doesn't mean there couldn't be a trend on the horizon. Jess Hurtado recommended that we be very sensitive and look at all possibilities in preventing these types of claims in our member counties. Dave Nelson has conducted six (6) seminars, in this regard, covering all the member counties this year. He is planning to schedule the same type of training next year. Brent Gardner requested that Dave Nelson put together a list of those counties that have personnel policies and/or procedures for the Board to review at the next meeting.

Loss Prevention Report

Dave Nelson has continued to hold risk reviews at the member counties that the Board has been receiving reports on. The counties have responded to Dave Nelson's recommendations with no problem. Defensive Driving Training is available for the counties through Randy Cooper of the Utah Safety Council, who will set up the training when contacted by the county. Land Use/Inverse Condemnation Seminar will be held in August, FLSA/Sexual Harassment Seminar will be held in November.

Loss Summaries

Brent Gardner reviewed the Loss Summary Report for May. To stress the importance of the Defensive Driving Training, 70% of all claims are Automobile Liability Property Damage/Bodily Injury. Total Loss Experience (paid & reserved) is \$456,000 as of January 1992 to date. Total claims for January 1993 to date is 109, of which 56 of those are closed and 53 are open. Total paid for 1993 is \$84,000 of which \$50,000 is expected to be recovered from the state for the Iron County loss.

Financial Report

Al Stein of Aon Insurance Management Services, Chicago, reviewed the formation and origination of the Pool. Under the statutes of the State of Utah, we are set up as a Mutual but as a Public Agency Mutual we can get a waiver of the normal insurance requirements that the Insurance Department imposes on the State of Utah. A compromise with the Insurance Department required the Pool to have \$1,000,000 in surplus to start up the Mutual Insurance Company. This was accomplished in a two step process: 1) Agreement with the 20 members that they would pay contributions in what they were paying already in the commercial market, which totaled \$2,007,000. On the basis of the actuarial information and/or data we expected that we would need 80% of that to cover the operating expenses and claims of the Pool which was \$1,605,000 that left \$402,000 which was used for the surplus. 2) Five (5) counties made loans to the Pool, that can be set up as surplus under Insurance Department statutes, for the remaining surplus required. Over three (3) years we would like to have the surplus up to \$2,400,000, which is the approximate minimum required surplus by an insurance company. We plan to grow approximately \$400,000 to \$500,000 a year to reach the \$2,400,000. The loans will be paid back to those counties once the surplus requirements are met.

Al Stein reviewed the Audited Financial Reports from Coopers & Lybrand, showing where we are, as of year end, on a statutory basis. This report will go to the Insurance Department by June 1 of every year. Total surplus is at \$868,981. \$401,913 was the actual number of the surplus initially paid in. The surplus loans of \$620,000 have now grown, due to accruing interest, by \$34,000. The unassigned surplus is a negative \$187,000 that takes us down to the total surplus of the \$868,000. The negative unassigned surplus came about from the audit of Coopers & Lybrand that wanted, since the Mutual is still fairly new, us to reserve losses right up to where AIG is going to come in with the excess.

By August 15, these reports need to be filed with the Insurance Department. Al Stein feels there should be a plan explaining where we are and where we want to be and the progress we are making to be at the regular insurance company requirements before we meet with the Insurance Department. Ken Brown made the motion to authorize Al Stein and Susan Griffith to present our case to the State Insurance Department on the Mutual surplus accumulation. A copy of the report is requested to be sent to the Board

Members before the presentation. Dennis Ewing seconded the motion and the motion passed unanimously.

Litigation Committee Report

Doug Alexander and Kent Sundberg reported on the claims reviewed by the committee.

Beus v. Cache County will be discussed at the next meeting once Doug Alexander has met with the defense attorneys.

Grand County has had a total loss of one of their dump trucks. The total fair market value, minus deductible and salvage, is \$14,100. Board authority is requested to settle this claim. Dixie Thompson made a motion to settle the claim at \$14,100. Max Adams seconded the motion and the motion passed unanimously.

A meeting is set for June 17 with Doug Alexander and Jim Fischer regarding the Iron County Sewer loss for reimbursement of the \$50,000.

Previously in the Begay v. San Juan County, the Board had previously authorized to aggressively defend this case. Depositions are being taken and the case is progressing.

In the Vincent v. Sanpete County, our defense attorney is requesting documentation from the plaintiff attorney as to any law or authority that would indicate that the ADA is involved in this case. We are waiting to hear back from the plaintiff attorney.

The Prince v. Utah County was dismissed without prejudice by the Court last month but this month the county was reserved. Our defense attorney is handling.

Taylor v. Uintah County is talking in terms of \$300,000 for the value of this alleged violation of civil rights/malicious prosecution. The committee feels there may be some liability and that authority should be given to settle the case in the area of \$30,000 maximum. Dixie Thompson made a motion to authorize settlement in this case up to \$30,000 due to investigation errors. If plaintiff wont settle, then UACIM will vigorously defend. Max Adams seconded the motion and the motion passed unanimously.

Jail Standard

Brent Gardner has been working on setting up jail standards with the county sheriffs. The original plain was to do a Request for Proposal to make a selection who to contract with. The chairman of the sheriffs' committee contacted Brent Gardner and made known his concerns that nothing had been accomplished and that they do not want an RFP they would like us to select Gary Deland whom they would prefer to use. Brent Gardner recommended to the Board that we use Gary Deland so we can get going on this and determine what the cost is going to be for the standards. Dennis Ewing made

a motion that UACIM negotiate with Gary Deland to obtain a proposal to write the jail standards and that those counties that are not members of the UACIM be asked to participate in the funding. The proposal will be addressed in the next Board meeting by Brent Gardner and Sid Groll. Sid Groll seconded the motion and the motion passed unanimously.

Furniture and Equipment

Brent Gardner recommended to the Board that there is adequate funding to purchase a conference table for the UAC offices. UAC does not have the budget for this purchase and the conference room is being used for the UACIM also. There is also a need for a PC to be used at Brent's home. Max Adams made a motion to authorize the UACIM administrator, to purchase a conference table for UAC offices, estimated cost of \$2200 and a personal computer, estimated cost of \$1600 to be used at home. Dennis Ewing seconded the motion and the motion passed unanimously.

Meeting was adjourned

Utah Association of Counties Insurance Mutual Board of Directors

Friday, June 11, 1993 - 10:00 am to 12:00 Noon - Executive Board Room
Excelsior Hotel, Provo, Utah

A G E N D A

1. Call to Order
2. Minutes
3. Broker/TPA/Financial Services Contract
4. Broker Report
5. Litigation Committee Report
6. Loss Prevention Report
7. Loss Summaries
8. Financial Report
9. Jail Standards
10. Surety Bonds Proposal
11. New Furniture and Equipment
12. Lunch with the UAC Board of Directors

